

This fact sheet compares some key aspects of the budget resolution passed by the House Budget Committee on April 9 (Jones-HBC) and the bi-partisan substitute (Gramm-Latta), which starts with the Reagan Administration's proposal and makes additional reductions (\$6.1 billion reduction in 1982 outlays).

A. The Jones-HBC proposal calls for substantially higher levels of planned spending:

	Budget Outlays (in billions of dollars)			
	1981	1982	1983	1984
Jones-HBC.....	662.4	714.6	77.95	839.0
Bi-partisan substitute.....	655.2	689.2	732.3	770.5
Difference*.....	7.2	25.4	47.2	68.6

Under the Jones-HBC proposal, outlays for the period 1982-1984 would be \$141.2 billion higher than under the Bi-partisan substitute.

\* Differences due in part to policy increases and in part to economic assumptions and reestimates.

B. The Jones-HBC proposal would add back \$12 billion in spending reductions proposed by the Administration and assumed in the bi-partisan substitute. Add-backs for fiscal year 1982-84 would total \$38.7 billion.

	1982	1983	1984
Food and nutrition programs.....	1.8	1.9	1.8
Social security benefits.....	1.1	0.4	-0.2
AFDC and other cash assistance.....	1.2	1.4	1.7
Education and training.....	3.2	2.6	3.0
Health.....	1.4	2.0	2.6
Transportation subsidies.....	0.7	1.1	1.4
Energy conservation, solar, synfuels..	0.6	1.0	1.1
Other add-backs.....	1.8	1.9	4.2
Total.....	11.8	12.3	14.6

C. Social program increases in the Jones-HBC proposal are at the expense of defense programs.

-- The Jones-HBC proposal provides budget authority for social programs in 1982 that exceeds the bi-partisan substitute by \$17.8 billion. The Jones-HBC proposal would cut defense by \$6.7 billion in budget authority for 1982.

-- The Jones-HBC cuts in defense would sharply reduce pay increases for military personnel and prevent the addition of civilian employees needed to improve military force readiness and allow return of military personnel that have been diverted to civilian jobs such as training.

C. Social programs at the expense of Defense(continued)

- . The Jones-HBC proposal would cut funds for critically needed weapons systems, including funds for:
  - Production of nuclear materials needed for warheads scheduled for deployment in the 1980's.
  - Construction of launch facilities for MX missiles.
  - Reactivating existing battleships and a carrier which present cost-effective means for launching cruise missiles and providing support.
  - Maintenance related to the introduction of new weapons systems.

D. The Jones-HBC proposal double-counts some budget savings and assumes other savings that cannot be achieved.

- . The Jones-HBC proposal calls for at least \$1.8 billion in budget savings that were already provided for in the Reagan Administration's budget and adopted in the Bi-partisan substitute.
- . The Jones-HBC proposal also assumes other savings that cannot be achieved in the time frame proposed (e.g., from multi-year procurement.)
- . The Jones-HBC proposal uses these double-counted and unattainable savings to avoid making real program reductions.

E. The Jones proposal reduces the deficit by allowing taxes to rise. It does not provide enough tax relief to stimulate individual savings and private investments.

- . Under the Jones-HBC proposal, individual tax relief would not begin until January 1, 1982 -- rather than July 1, 1981.
- . The Jones-HBC proposal provides total net tax reductions of:
  - Only \$31 billion in 1982 compared to \$51 billion in the Administration's proposal.
  - Only \$146 billion in the 1982-84 period, compared to \$293 billion in the Administration's proposal.

F. The Jones-HBC Proposal Offers Little in Economic Improvement

- . The Jones-HBC plan offers virtually no relief from inflation, with the GNP deflator dropping from 9.9% to 9.8% between 1981 and 1982. By contrast, the President's plan seeks to lower inflation to 8.3% in 1982, 6.0% in 1984 and below 5% by 1986.
- .The Jones-HBC proposal assumes a continuation of double-digit interest rates in 1982 -- e.g., 12.0% for 3-month Treasury bills, while the Administration program projects a rate of 8.9%.

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HOUSE BUDGET RESOLUTION  
(1982-in billions)

	President's Budget	Jones Committee	Bi-Partisan Substitute	Difference Jones vs. Bi-Partisan Substitute
<b>Outlays:</b>				
National defense.....	188.83	189.75	188.83	-0.92
International affairs.....	11.20	11.20	11.20	---
General science, space, and technology	6.93	7.05	6.93	-0.12
Energy.....	8.65	6.85	4.15	-2.70
Natural resources and environment.....	11.95	12.35	11.95	-0.40
Agriculture.....	4.43	5.10	4.43	-0.67
Commerce and housing credit.....	3.08	4.30	3.08	-1.22
Transportation.....	19.86	21.10	19.73	-1.37
Community and regional development.....	8.08	9.50	8.09	-1.41
Education, training, employment, and social services.....	25.80	29.40	25.68	-3.72
Health.....	73.44	74.45	73.34	-1.11
Income security.....	241.36	247.65	241.16	-6.49
Veterans benefits and services.....	23.63	24.05	24.03	-0.02
Administration of justice.....	4.38	4.55	4.38	-0.17
General government.....	4.99	4.90	4.99	0.09
General purpose fiscal assistance.....	6.45	6.15	6.45	0.30
Interest.....	82.53	90.10	82.23	-7.87
Allowance for civilian agency pay raise.....	0.77	0.70	0.70	---
Allowance for contingencies.....	1.00	---	---	---
Undistributed offsetting receipts.....	-32.04	-34.60	-32.04	2.56
Total outlays.....	695.30	714.55	689.29	-25.26
Receipts.....	650.34	688.95	650.34	-38.61
Deficit.....	-44.96	-25.60	-38.95	-13.35

NOTE: This table uses OMB rules of rounding so that details may not add to totals. The HBC uses different rules of rounding and also forces the pieces to add to the total. The bi-partisan substitute would need to be adjusted from what is shown of this table to conform to HBC conventions.

### The Rostenkowski Plan

- Not real tax relief: Means higher taxes for Americans.
- Cuts personal taxes only \$28 billion in FY 1982, over \$16 billion less than the Reagan plan. Provides no tax relief in 1983 and 1984.
- Unequal treatment: Cuts tax rates more for taxpayers in some income groups than for others. The Reagan plan cuts rates equally for all.
- Makes only modest cuts in tax rates, far less than those needed to eliminate disincentives to work, save and invest.
- Is vague about the specific revisions to be made in taxation of business. Rostenkowski apparently rejects the Regan 10-5-3 accelerated cost recovery plan which has wide and bipartisan support in the Congress. The proposal speaks only of "standards" to be applied to changes in depreciation formulas but does not specify the changes.
- Proposes "forced long-term savings" through improperly designed and inadequate targeted incentives.

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